

Message Text

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20

ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

PM-07 INT-08 SCEM-02 SCI-06 DRC-01 SAB-01 IO-14 /230 W

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R 090717Z JAN 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5032

INFO AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASY PARIS 2069

AMEMBASSY TOKYO

C O N F I D E N T I A L TEHRAN 0206

E.O. 11652: GDS

TAGS: ETRD, ENRG, IR

SUBJECT: IRANIAN NEED FOR INDUSTRIAL RAW MATERIALS

REF: A. TEHRAN 0115 B. STATE 2503242 C. TEHRAN 9155 D. TEHRAN 9095

E. STATE 249850 F. TEHRAN 9014 AND PREVIOUS

1. SUMMARY: BRITISH AND JAPANESE HAVE TAKEN LEAD IN RESPONDING TO IRAN'S "OIL FOR RAW MATERIALS" INITIATIVE. GOJ MITI MINISTER NAKASONE AND 30-MEMBER BRITISH INDUSTRIAL DELEGATION, HEADED BY

PERMANENT SECRETARY PETER CAREY OF UK DEPARTMENT OF TRADE AND INDUSTRY, ARE NOW IN TEHRAN. ONLY UNION CARBIDE AT PRESENT CARRYING BALL FOR US. WITH OFFER TO PROVIDE SOME ITEMS ON IRAN'S LIST. ATTRACTIVE "BARTER" ARRANGEMENTS COULD SPELL TROUBLE FOR NEW NIOC/CONSORTIUM AGREEMENTM END SUMMARY.

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2. JAPAN'S MINISTER OF INTERNATIONAL TRADE AND INDUSTRY,

YASUHIRO NAKARSONE, ARRIVED EVENING OF JAN 8 FOR TWO DAYS OF TRADE TALKS WITH GOI. NEWSPAPERS REPORT THAT SUBJECTS TO BE DISCUSSED INCLUDE STABLE SUPPLY OF OIL TO JAPAN, JAPANESE ASSISTANCE IN DEVELOPMENT OF INDUSTRIAL FACILITIES, AND STEADY SUPPLY OF RAW MATERIALS TO IRAN BY JAPAN.

3. NEWSPAPERS ALSO REPORT UK MINISTRY OF TRADE AND INDUSTRIES PERMANENT SECRETARY P.W. CAREY AND BRITISH AMBASSADOR RAMSBOTHAM MET YESTERDAY WITH GO MINECON ANSARY. MINECON SPOKESMAN SAID TALKS ARE "FOLLOW-UP OF BRITISH INVESTMENTS CONFERENCE HELD AT PERSEPOLIS IN NOVEMBER AND ANSARY'S TALKS WITH BRITISH OFFICIALS DURING HIS VISIT TO LONDON LAST MONTH." LATTER TALKS REPORTEDLY CONCLUDED WITH SIGNING OF PROTOCOL "DETAILING INTEREST AND READINESS OF TWO SIDES TO SUPPLY GOODS REQUIRED IN THE TWO COUNTRIES."

4. AFTERNOON OF JAN 7, BUSINESSMEN IN BRITISH DELEGATION HELD SEVERAL SEPARATE MEETINGS (ACCORDING TO INDUSTRY SECTOR) WITH IRANIAN INDUSTRIALISTS. IRANIAN BUSINESSMEN WHO CATERED CHEMICALS MEETING TOLD EMBOFF THAT BRITISH WOULD NOT MAKE SPECIFIC COMMITMENTS ON QUANTITIES AND PRICES, BUT WANTED TO KNOW HOW MUCH OIL COULD BE PROVIDED IN RETURN FOR WHATEVER THEY OFFERED. IRANIANS WERE UNABLE TO GIVE THEM ANY INFORMATION ON THIS POINT. ONLY GOVERNMENTAL REPRESENTATIVES PRESENT AT THIS SESSION WERE TWO GOI MINECON OFFICIALS. NO RPT NO NIOC OFFICIAL ATTENDED.

5. MEANWHILE UNION CARBIDE, WHICH HAS MADE ITS OWN STUDY OF NEEDS HERE, SUBMITTED OFFER TO SUPPLY 10,000 TONS LOW DENSITY POLYETHYLENE, 5,000 TONS HIGH DENSITY POLYETHYLENE AND 2,000 TONS HIGH

IMPACT

OLYSTYRENE IN RETURN FOR 195,000 TONS OF NAPHTHA. PRICES FOR BOTH GRADES OF POLYETHYLENE WERE 25 CENTS/LB; FOR POLYSTYRENE, 36 CENTS/LB; AND FOR NAPHTHA, \$50/TON. UNION CARBIDE REP TELLS US PLASTICS PRICES ARE AROUND HALF WORLD MARKET, BUT PRICE THEY OFFERED FOR NAPHTHA IS ALSO LOW.

6. GOI MINECON OFFICIALS, PRE-OCCUPIED WITH JAPANESE AND BRITISH VISITS, TOLD UNION CARBIDE THEY WOULD STUDY IT AFTER TALKS WITH BRITISH WRAPPED UP. AMBASSADOR, IN TALK WITH ANSARY JAN 8, CALLED ATTENTION TO THIS CURIOUS REACTION TO A CONCRETE RESPONSE TO IRANIAN CONFIDENTIAL

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REQUESTS. ANSARY PROMPTLY GOT IN TOUCH WITH UNION CARBIDE REP, AND MATTER IS NOW MOVING. WE BELIEVE THAT IRANIANS ARE FAVORABLY IMPRESSED WITH THIS UNION CARBIDE INITIATIVE. WE DO NOT KNOW, HOWEVER, WHERE THEY WILL FIND 195,000 TONS OF NAPHTHA.

7. COMMENT: WE FEEL ONE USEFUL APPROACH WOULD BE FOR DEPARTMENT TO STIMULATE OTHER APPROPRIATE FIRMS TO DO AS UNION CARBIDE HAS DONE.

DANGER, OF COURSE, IS THAT SUCH OFFERS MAY STIMULATE GOI TO EARLY RE-

CONSIDERATION OF CERTAIN ARRANGEMENTS UNDER NEW CONSORTIUM NIOC
PURCHASE-SALES CONTRACT, NAMELY, AGREEMENTS ON USE OF ABADAN REFIN-
ERY AND ON QUANTITIES OF CRUDE AVAILABLE TO NIOC FOR EXPORT.
OTHER NATIONS, HOWEVER, WILL CERTAINLY PROVIDE SUCH STIMULI IN
ANY CASE.
HELMS

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